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SUBJECT: MEDIA REACTION EVO MORALES, US-ARGENTINE
BILATERAL RELATIONSHIP WAYNE NOMINATION, AFTERMATH OF
RIO SUMMIT 01/24/06

11. SUMMARY STATEMENT

Papers carry speculation about a second possible candidate for Ambassador to Buenos Aires; the aftermath and repercussions of Evo Morales' inauguration and the appointment of his new Cabinet, and the possible advantage of Brazil's 'war industry' as major supplier of weapons in the region, following the Rio Summit between Lula, Kirchner and Chavez.

12. OPINION PIECES AND KEY STORIES

- "U.S. Moves Forward in Appointing its New Ambassador"

Hugo Alconada Mon, daily-of-record "La Nacion" Washington-based correspondent, writes (01/24) "The present U.S. CEO at the IDB, Hector Morales, is the second candidate being examined by the Bush administration to be ambassador in Argentina, according to Republican sources working within and outside the USG in Washington.

"The nomination of the future Ambassador in Buenos Aires will be determined in the coming weeks, when Bush signs his papers and sends them to the Senate for a confirmation hearing. The goal is for Lino Gutierrez' replacement to take over the position by mid-2006.

"The nomination of the present Under Secretary for Economic and Business Affairs of the State Department, Earl Anthony Wayne, obtained decisive support from Secretary Rice, who signed his nomination and sent it

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to the White House.

"But yesterday, there were rumors saying that Morales is - or 'was', according to two sources that believe the odds in favor of Wayne are greater - the other potential candidate to take over the helm at the Embassy in Argentina.

".... Defined by several of his colleagues as 'pragmatic', Morales knows Buenos Aires and the interior of the country well... (because) between 1997 and 2000 he worked as President and General Manager of Reliant Energy in Argentina, a subsidiary of an energy company based in Houston, Texas.

".... Together with Wayne, Morales was the center of a battle between career diplomats at the State Department and political appointees of this administration regarding the definition of the future Ambassador in Argentina.

"Following Rice's signature of Wayne's nomination, it's improbable, anyway, that the decision might be changed at the White House.

".... According to a source with close ties with the Republican administration, 'Although Morales lived a long time in Buenos Aires and is of Mexican descent, Wayne is the one who will finally take over the Embassy. Hector doesn't have the (necessary) strength to achieve it.'..."

- "(Cabinet)Formula"

Alejandra Pataro, leading "Clarín" international columnist, opines (01/24) "Someone described his cabinet as 'sui generis, very much in the President's style.' Evo Morales called it 'cabinet of change.' Bolivia's new team of ministers is mostly indigenous. It includes women where there were none. It places a Quechua maid in a seat which, until yesterday, had been previously reserved for white men. He puts a miner at the helm of mining issues, and an Aymara to lead foreign relations. It's the formula he chose to remedy almost two decades of a direction which led to erroneous roads, and to put an end to the systematic exclusion of the Bolivian people from political and economic life."

- "Kirchner, Worried About Morales' Cabinet"

Business-financial "Ámbito Financiero" says (01/24)

".... Upon returning from La Paz, President Kirchner's uneasiness was political (not physical.)

".... Morales appointed a cabinet mostly with indigenous people from social organizations. At the Energy Ministry he appointed a journalist, Soliz Rada.

".... For Kirchner, this designation was almost an insult. Back in December 2004, Soliz Rada had said in a press interview that Kirchner 'ought to refrain from bringing Repsol's spokesperson to suck Bolivia's gas in the worst imaginable conditions.'.. And Kirchner hates... this kind of approach, and doesn't share these views...."

- "'Don't Tie Morales Down'"

Michael Soltys, Liberal, English-language "Buenos Aires Herald" executive director, opines (01/24) ".... The MAS leader is showing a strong streak of realism, drawing some subtle distinctions within the radical slogans which swept him to victory last month.

"Thus the nationalization of Bolivia's energy wealth comes without confiscation of the likes of Repsol and Petrobras and even including the defense of private property and respect for the right to a profit..., while freedom from confiscation does not save foreign companies from being dragooned into partnership with YPFB.

".... Evo's first full day in office yesterday also included announcing his new 16-strong Cabinet (not 16-man because there are three women) and here again the signals are mixed between his realistic, populist and Marxist streaks.

".... But by including all the loose cannons in his Cabinet..., by co-opting these dangerous radicals,

Morales will buy time - as will the constituent assembly to draft a new and more pro-indigenous constitution, for which elections will be held in July.

"..... For now, Morales enjoys popularity at home... and acceptance in the region - eight of the other nine South American presidents were present at his inauguration.

"..... (But) No president north of Panama showed up - not even Castro and certainly not Mexico's Vicente Fox. But this was more than compensated by the U.S. department's new man for Latin America Tom Shannon, to whom Morales talked with goodwill to overcome differences.

"Apart from his 'zero cocaine' slogan to appease Shannon, the coca-growers' leader also showed himself to be open-minded and pragmatic about free trade, including the FTAA... shrugging off the Mercosur-FTAA polarization which split last November's Summit of the Americas...."

- "Lula, Clear Winner"

Julio Ramos, publisher of business-financial "Ambito Financiero" opines (01/24) ".... (After the Lula-Kirchner-Chavez summit) Kirchner managed to stop Brazil's open criticism of Uruguay's intention to undermine Mercosur... but he had to join Lula in his support for 'war industries' aimed at supplying weapons in the region... We may easily infer, then, that this growth in 'war industries' - apparently to benefit all countries --, will end up benefiting mostly Brazil.

"..... Who are South American countries going to fight with if they arm themselves? Practically against nobody and everything seems to indicate that beefing up 'war industries' is another strategic move of Brazil, in view of Chavez' extravagant actions. Therefore, this Venezuelan is the major loser of the Rio Summit due to his self-idolatry and senselessness, only supported by the extremely high oil price...."

13. EDITORIALS

- "Morales Inauguration"

An editorial in daily-of-record "La Nacion" reads (01/24) ".... The arrival in power of Morales... represents a drastic change in the political orientation of this neighboring country, which the new president promised to implement during his administration.

"An immediate example of this was his confirmation during his inauguration speech in Congress of the need to nationalize natural resources as part of the process of 're-founding Bolivia' which he says he initiated.

"..... In saying this, Morales presented one of the main priorities of his administration, although he didn't give details on how he will implement the nationalization process of gas and oil. His campaign promises to confiscate foreign companies exploiting natural resources -- which had deeply worried investors -- gave way to a more moderate position, which still generates uncertainty.

"..... Today, the brand-new occupant of the Quemado Palace faces deep challenges in order not to disappoint his voters, but also, in order to rule for all the Bolivian people without a spirit of revenge.

".... He also appealed to a conciliatory tone and rapprochement with the U.S. ... and said he's willing to fight drug-trafficking, but he won't set aside the promotion of the use of coca in medicines, infusions and (other products).

"In the past, Bolivia resorted to extreme recipes that ended in failure, pushing, even further, thousands of inhabitants to poverty and marginality. Now, Morales must take advantage of this opportunity to lead his country to a serious path, without grudge or sectarianism, towards economic recovery and more social equity."

¶4. To see more Buenos Aires reporting, visit our classified website at:
<http://www.state.sqov.gov/p/wha/buenosaires>

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GUTIERREZ